

Message Text

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72-61

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 3777

INFO AMEMBASSY ABIDJAN

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SHUTO 20

E.O. 11652: N/A

TAGS: EFIN, AF

SUBJECT: MEETING WITH PRESIDENT OF AFRICAN DEVELOPMENT BANK

REF: STATE 190169

1. PRESIDENT LABIDI OF AFDB MET WITH SMITH AND WEINTRAUB OF STATE, LARSEN OF TREASURY AND VAN DYKE OF AID ON SEPTEMBER 27 TO DISCUSS PROGRESS OF U S PARTICIPATION IN AFRICAN DEVELOPMENT FUND

AND STATUS OF PROSPECTIVE AID LOAN TO AFDB.

2. US REPS GAVE LABIDI BACKGROUND ON SENATOR HUMPHREY'S DECISION PUT FORWARD AUTHORIZING LEGISLATION IN SENATE AND TENTATIVE PLANS TO BEGIN HEARINGS SECOND OR THIRD WEEK OF OCTOBER. ADDED THAT THEY UNDERSTOOD ACTION IN HOUSE WOULD PROBABLY AWAIT PROGRESS IN SENATE. LABIDI ASKED WHETHER US REPS THOUGHT USG WOULD BE ABLE TO JOIN FUND BEFORE ANNUAL MEETING OF GOVERNORS LATE IN JUNE IN RABAT, TO WHICH US REPS REPLIED THEY DOUBTED IT, GIVEN CONGRESSIONAL UNCERTAINTIES AND PRESSURES REQUIRED TO MOVE IDA, IDB AND ASIAN DB FUNDING THROUGH.

3. LABIDI SAID HE WAS INCREASINGLY DISMAYED BY NEED TO WAIT FOR
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USG TO ACT AND OF STATEMENT THAT AFDB TOOK ITS TURN ONLY BEHIND

OTHER BANKS. SAID HE WOULD PREFER SEE LEGISLATION PUT TO VOTE AND LOSE THAN CONTINUE THIS NEVER-ENDING PROCESS. US REPS, WHILE SYMPATHIZING, STRESSED THAT FOR FIRST TIME THERE HAD BEEN REAL PROGRESS WITH HUMPHRDH BILL AND ITS SUPPORT AMONG OTHER KEY SENATORS, SUCH AS JAVITS. ALL AWARE THAT DEADLINE OF DECEMBER 1974 WILL COME VERY FAST.

4. LABIDI CONSIDERING ASKING CERTAIN OF AFDB GOVERNORS, WHO ARE ALSO ASSOCIATED WITH IMF COMMITTEE OF TWENTY (WHZAMBIA AND NIGERIA WERE SPECIFICALLY CITED), TO MEET WITH KEY MEMBERS OF CONGRESS (WHZE COMMITTEE OF TWENTY NEXT MEETS IN WASHINGTON IN JANUARY. IT WAS AGREED THAT STATE AND TREASURY COULD, IF TIMING APPROPRIATE, FACILITATE SUCH ARRANGEMENTS IF LABIDI DECIDES TO DO SO. LABIDI WILL ALSO PREPARE UPDATED FACTSHEET ON AFDB FOR PRIOR DISTRIBUTION BY

USG TO MEMBERS OF CONGRESS AND THEIR STAFFMEN.

5. AID LOAN TO BANK. US REPS EXPLAINED COMPLICATIONS WHICH HAD ARISEN OVER AID LOAN, INCLUDING INITIAL FAILURE TO CLEAR IT WITH BOTH APPROPRIATIONS COMMITTEES AND SUBSEQUENT INTERVENTION BY GONZALES OVER CONFLICT BETWEEN LOAN TO BANK AND PARTICIPATION IN FUND. LABIDI FOUND IT DIFFICULT TO BELIEVE ALL THE COMPLEXITIES OF THIS MATTER AND HOPED THAT IT COULD BE STRAIGHTENED OUT. HE IS PERSONALLY EMBARRASSED BEFORE HIS OWN EXECUTIVE DIRECTORS, HAVING REQUESTED THEM IN GOOD FAITH TO ACCEPT THE LOAN AT THE END OF JUNE, ONLY TO LEARN A FEW DAYS LATER THAT IT HAD BEEN POSTPONED. US REPS SHOWED LABIDI REFTEL AND ASSURED HIM WE WOULD DO EVERYTHING POSSIBLE TO GET THE LOAN APPROVED ONCE UHD LEGISLATION FOR FY 1974 HAD BEEN ADOPTED.

6. COMMENT: IT HAS NOW BEEN SIX YEARS SINCE AFDB FIRST BEGAN NEGOTIATIONS WITH USG OVER FUND. LABIDI OBVIOUSLY DISHEARTENED BY LACK OF PROGRESS AND TOTALLY IMPATIENT WITH ARGUMENT THAT OTHER BANKS HAVE "GOTTEN THERE FIRST" OR THAT THE CONGRESS IS POINT OF MAIN DIFFICULTY. HE SAID THAT SUCH ARGUMENTS NO LONGER HOLD WATER. TO TOP THIS, HE FEELS HE NEGOTIATED EXTREMELY RAPIDLY AND IN GOOD FAITH WITH AID ON PROPOSED LOAN TO BANK, ONLY TO BE LET DOWN AT VERY END OF JUNE AND SINCE. AS LABIDI, AND PRESUMABLY OTHER AFRICANS, SEE IT, MODESTY OF PROPOSED US CONTRIBUTION AND RELATIVELY SMALL SIZE OF LOAN LIMITED OFFICIAL USE

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OUGHT TO ALLOW SPECIAL PUSH BY ADMINISTRATION TO GET THESE TWO PROPOSALS APPROVED.
SHULTZ

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